

Multiple Welfare Exits and Recidivism: Understanding Culture of Poverty, Local Labor Market /Area Characteristics, Job Quality and Welfare Reform

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Statement of the Research problem

Many states began to reduce welfare caseloads and employment increased because of current welfare-to-work programs based on a new policy, Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) which emphasized quick job entries, penalties for non-compliance with work mandates and time limits on benefits. This strategy forced one to take any job, even low paying and/or part time jobs in order to be eligible for welfare.

In reality, jobs held by welfare leavers were restricted to low-paying, part-time jobs without fringe benefits. Despite a considerable increase in work effort, people taking these jobs had difficulty increasing their earnings or graduating to other high-paying, benefited positions. Therefore, the reduction of welfare caseloads by taking any possible jobs is not always combined with the improvement of family well-being and the reduction of welfare recidivism. Also, the most important determinant for welfare exit is not just job placement, but maintenance of employment in settings that offer increased job quality (specifically: working hours, wages and fringe benefits), ultimately resulting in more steady employment. Looking specifically at job quality at the time of welfare exits and exploring the impact of job quality on welfare recidivism will contribute to a better understanding of the underlying premise of current welfare reform, which assumes that getting a job will eventually move a person to a higher paying job and a permanent welfare exit. This type of study would measure the true success of these policies as applied in the real world.

Another issue related with welfare exits is that the effects of current welfare reforms on the reduction of welfare caseloads has focused on the matter of welfare policy versus economic conditions (Bartik & Eberts, 1999; The

Council of Economic Advisors, 1999; Figlio & Ziliaak, 1999; Moffit, 1999; Wallace & Blank, 1999). Specifically, many studies have shown that the positive results of welfare reform (i.e., the decreasing of welfare caseloads) were impacted by the economic boom of the 1990s, as well as welfare reform itself. Therefore, this study explores the impact of current welfare policy on welfare exits, welfare recipients' job quality, and welfare recidivism which consider economic conditions.

Specifically, this study targets single mother families with welfare experience for two consecutive welfare spells from their first time welfare spell because poverty is still concentrated on this population. Specifically, first time welfare recipients have common features such as short-term duration and a high chance of return to a second welfare spell. These individuals who return to welfare have various barriers preventing them from keeping their jobs and thus, greater potential of falling back into poverty.

Most duration studies looking at the length of time to welfare exit or recidivism commonly use a single spell, even though most welfare recipients exit and return to welfare multiple times rather than just one time. By considering multiple welfare exits and recidivism episodes, this study provides more realistic insight in understanding welfare dynamics.

In addition, in order to fully understand the transition from welfare to work based on multiple spells, we need to look at the following:

- 1) the individual's "culture of poverty"
- 2) structural factors such as the "local labor market and area characteristics"
- 3) current "welfare reform policy"

The determination of welfare dependency is not influenced by only one factor but, rather, is the result of the continuous interactive process between the individual and environment. Therefore, one needs to consider factors such as the culture of poverty and local labor market/area characteristics in order to understand the dynamics of welfare dependency.

Research Background and Hypotheses

The first research question deals with multiple welfare (specifically, the first and second welfare exits) and the determinants that affect general welfare exit and specific work related welfare exits.

Q1. How do culture of poverty, local labor market/area characteristics and welfare reform affect the chances that welfare recipients will successfully exit their first and second welfare spells? Specifically, what are the factors that predict two consecutive work related welfare exits?

The second research question focuses on job quality among welfare recipients from first work related welfare exits in order to understand the characteristics of initial job quality at the time of first work related welfare exits.

Q2. How do culture of poverty, local labor market/area characteristics and current welfare reform affect initial job quality of welfare recipients at the time of their first work related welfare exit?

The third research question explores the process of welfare recidivism for two consecutive spells, first and second welfare return spells, after leaving welfare via work related welfare exits.

Q3. How do culture of poverty, local labor market/area characteristics, current welfare reform and job quality affect the probability of a first and second return spell among work related welfare leavers?

The fourth research question explores the impact of current welfare reform on multiple welfare exits, job quality and multiple welfare recidivism with the consideration of economic conditions.

Q4. How does the implementation of welfare reform affect general welfare exits, work related welfare exits, job quality and welfare recidivism depending on economic conditions?

Based on the first research question, Hypothesis 1 is as follows.

Hypothesis 1) Welfare recipients with favorable culture of poverty background, favorable local labor market/area characteristics and those who experienced welfare reform are more likely to exit welfare than those with less favorable factors from their two consecutive welfare spells.

Each variable contributes to two consecutive welfare exits. The comparison of culture of poverty and local labor market/area characteristics is based on previous arguments about intergenerational welfare experience and social-economic deprivation. Specifically, the following “favorable” culture of poverty variables will increase the likelihood of welfare exits; (1) greater internal control orientation; (2) less willingness to use welfare; (3) mothers’ attainment of higher education; and (4) having a family member without welfare experience. Also, “favorable” local labor market and area characteristics are defined as: living in an area with a lower county unemployment rate and living in an urban area. These factors are expected to increase the probability of welfare exits. Also, people who experienced welfare reform more likely to exit welfare than people who did not experienced welfare reform.

Based on the second research question, hypothesis 2 was developed.

Hypothesis 2) Welfare recipients with more favorable culture of poverty background, favorable local labor market/area characteristics and welfare recipients who experienced welfare reform are more likely to get a full time job with high wages and fringe benefits in contrast to welfare recipients for whom the aforementioned determinants are unfavorable and welfare recipients prior to the era of welfare reform.

Based on the third research question, hypothesis 3 was developed.

Hypothesis 3) Welfare recipients with unfavorable culture of poverty background, unfavorable local labor market/area characteristics, low job quality and those who did not experience welfare reform are more likely to return to welfare for two consecutive spells after work related welfare exits.

In order to analyze the fourth research question, which concentrates on the interaction effects between welfare reform and economic conditions, Hypotheses 4-1, 4-2 and 4-3 were developed.

Hypothesis 4-1) Welfare recipients who experienced current welfare reform under favorable economic conditions are more likely to exit their first and second welfare spells than welfare recipients who experienced welfare reform under unfavorable economic conditions.

Hypothesis 4-2) Welfare recipients who experienced welfare reform under favorable economic conditions are more likely to get a job with full time work, high wages and more fringe benefits than welfare recipients who experienced welfare reform under unfavorable economic conditions.

Hypothesis 4-3) welfare recipients who experienced welfare reform under unfavorable economic conditions are more likely to return to welfare for two consecutive spells than welfare recipients who experienced welfare reform under favorable economic conditions.

Methodology

Data and sample

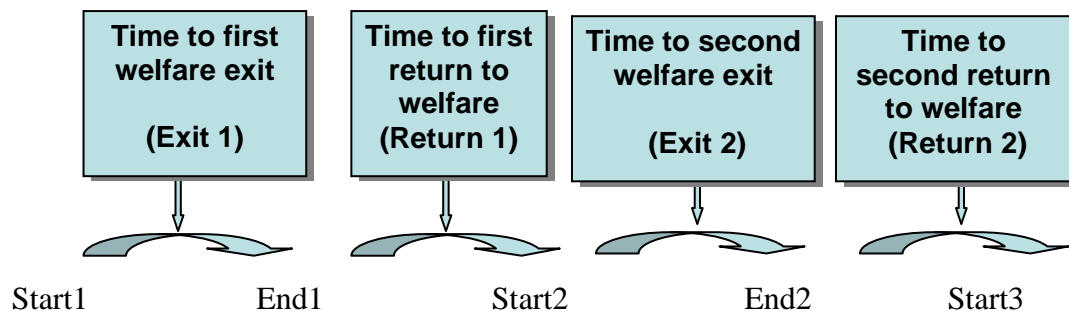
This study considers welfare exits and recidivism for two consecutive spells based on the National Longitudinal Survey of Youth (NLSY) 1979-2000 in order to evaluate the true successfulness of current welfare policy. Initially 1,514 welfare recipients who have ever received welfare benefit (AFDC/TANF) are explored in order to analyze general welfare exit. All initial 1,514 welfare recipients experienced first welfare exit and 801 welfare recipients among 1,514 who experienced the first welfare exit also experienced the second welfare exit within the 22 year observation period. Among the initial 1,514 welfare recipients, 630 welfare recipients were specified as experiencing work related welfare exits in their first and second welfare spells.

Measurement for welfare spell

This study focuses on up to two consecutive welfare exits and return spells. Based on Figure 1, “Defining multiple welfare exits and returns”, this study defines multiple welfare spells such as first welfare exit (Exit1), first return to welfare (Return1), second welfare exit (Exit2) and second return to welfare (Return2). Thus, duration time is defined as; 1) “exit1” for time to first welfare

exit; 2) “exit2” for time to second welfare exit; 3) “return1” for time to return to second welfare spell; and 4) “return2” for time to return to third welfare spell.

Figure 1. Defining multiple welfare exits and returns



Welfare exits are defined as no longer receiving AFDC / TANF benefits for at least two consecutive months following a month in which benefits were received.

Analysis

This study used Multivariate failure time model (MFTM) in order to consider multiple welfare exits and welfare recidivism. The reason using MFTM model is based on the limitation of Cox proportional hazard model, which is mostly applied to the current studies based on duration data. The classic survival model (or Cox proportional hazard model) focusing on the occurrence and the timing of death, which is experienced only once in life (Univariate time failure) considers that observed survival times are statistically independent. But, many sociological phenomena such as welfare exits, unemployment, job turnover and prison confinement can have repeated events. When an individual has more than one event, we have to consider “dependence” between each event in multiple failure time. Specifically, the dependence among events can cause the following problem. It contributes to the estimates of the variance of the regression parameters being biased downward and produces inflated tests of significance (Allison, 1995; Box-Steffensmeier & Zone, 2001; Ezell, Land, & Cohen 2003). If there were more redundant information of within-subject information from the same subject over time, we would tend to overstate the amount of information each observation provides. Therefore, the standard errors for the event times will be biased downward (closer to zero) and produce inflated tests of significance (Allison, 1995).

Unlike the Cox proportional model, multivariate failure time models allow the baseline hazard function to vary over each of the events and allow for the possibility of estimating parameter estimates specific to each of the events. Specifically, this study chose Prentice, Williams, and Petersen’s (PWP) model among Multivariate failure time models, which were more appropriate for data with ordered and sequential nature of events.

In order to include time varying covariates, this study needs to have person-period data. Initial data of 1,514 number of welfare recipients are converted to 6,344 observations for PWP counting process model with time varying covariates. Among them, the original 630 welfare recipients for work related welfare exit were composed of 2,398 observations (37.8%). Also, return spells after work related welfare exits were converted to 7,321 observations for PWP counting process model with time varying covariates.

In addition, discrete time logit analysis was used to understand the influence of covariates on job quality (such as working hours, wage and fringe benefits) at the time of the first work related welfare exit.

Results

Welfare reform contributed to the probability of general welfare exits and work related welfare exits. Specifically, welfare reform had a stronger effect on the probability of work related welfare exits than on general welfare exits (49.9% vs. 26.9%). Thus, the impact of welfare reform on the reduction of welfare caseloads, specifically by getting a job, is quite successful, even though it does not lead to welfare recipients' economic independence. Moreover, the impact of welfare reform on general and work related welfare exits showed that it more greatly influenced the second welfare spell than first welfare spell. Namely, current welfare reform has a greater impact on leaving a second welfare spell, which consists of people having many unfavorable conditions, than people who are in their first welfare spell. The interaction effect between welfare reform and county unemployment rate is partially proven because it is statistically significant in the second spell of general welfare exit. Thus, the strength of the impact of welfare reform on general welfare exit, specifically for leaving a second welfare spell, is dependent on the level of economic conditions.

Unlike the positive impact of welfare reform on welfare exits or work related welfare exits, welfare reform showed a contradictory impact on the criteria of job quality. Specifically, welfare reform positively affect the criteria of job quality such as getting a job paying over \$7.00 per hour and working more than 35 hours a week. But, the interaction effect for welfare reform depending on economic conditions showed that the impact of welfare reform on getting a job with more than 35 hours a week was reduced under unfavorable economic conditions, such as increased unemployment rates. Thus, the impact of welfare reform on getting a job with more than 35 hours a week is not only from the success of reformed welfare policies but also from the success of economy¹. Also, we can speculate that unfavorable economic conditions will be the greatest limiting factor in trying to leave welfare for most recipients without advanced skills and education, therefore relying on more working hours to make a living. Moreover, welfare reform reduced recipients' chance of getting a job with health

¹ Another consideration is that we cannot isolate the separate effects of economic condition and welfare reform on welfare recipients' employment status since the period of welfare reform, year 1997 to 2000, also showed low unemployment rates.

and life insurance. Many welfare leavers take low-paying jobs which do not provide health or life insurance at the time of their welfare exits.

In welfare recidivism, getting a high paying job and having health insurance were shown to be significant factors in decreasing returns to welfare. Interestingly, this study showed that current welfare reform still reduced welfare recidivism even under higher unemployment rates, specifically for welfare recipients who had multiple spells. This feature contrasts with the result of the impact of welfare reform on welfare exits in the second spell depending on economic conditions. People who were affected by welfare reform under higher unemployment rates showed a decreased rate of welfare exit. But, their return rates were not increased even under higher unemployment rates. This impact specifically applies to welfare recipients in later spell than the first spell.

Under this pretext, we have to contemplate how current welfare reform can possibly produce increases in welfare exits and prevent returns to welfare when reforms do not significantly impact job quality. This is a contradictory feature of the premise of welfare reform, which assumes that getting any job will eventually move a person to a higher paying job and lead to self-sufficiency. Also, another puzzle is why welfare reform increases welfare exits and reduces welfare recidivism specifically in later spells. This discussion also relates to the current debate about the impact of welfare reform and economic conditions on welfare exits and recidivism.

I suggest two explanations in order to understand these questions: economic growth and the conditions of welfare reform. First, economic growth after the 1990s provided a context so that the provisions of welfare reform such as work requirements were successfully implemented because it contributed to the availability of low-paying jobs, which were easily accessible to welfare recipients. Secondly, the conditions of welfare reform such as time limits or sanctions contributed more to the decline of welfare caseloads rather than welfare recipients' job quality because they prevented recipients from returning to welfare in the short term (New, 2002; Moffit and Winder, 2003; Rector and Youssef, 1999). Sharing the same point of view regarding the condition of welfare reform, this study also showed that welfare reform itself could reduce welfare caseloads for second spell recipients rather than first spell recipients. This indicates that the exits of welfare recipients who enrolled in second or third spells could be affected more by the condition of welfare reform even though they had more unfavorable factors to leave welfare than first spell recipients.

Utility for Social Work Practice

We can derive several implications for current welfare policy. Welfare exits and recidivism among poor female headed families is accounted for by their dual roles as not only the primary caregiver, but also as the main economic supporter within their family. They encounter an array of incompatible family and work problems, specifically, juggling childcare and work schedules because they are the only source of income and the primary caregivers of their children

(Johnson, 2000; Moller, 1999). Thus, most welfare recipients have to remain or move to jobs, which are usually female-dominated low-paying jobs, if current welfare policy does not address their needs such as flexibility in terms of working hours and favorable environment in regards to childcare. Specifically, job retention programs cooperating with state and local agencies should be initiated for effective job placement and training in order to keep initial jobs with the goal of eventually moving to a higher paying job instead of chronically placing these people in low-paying jobs. The policy focusing on welfare exit by increasing job quality of welfare recipients and considering their needs rather than forcing them to leave welfare by the condition of welfare reform is required in order for welfare recipients to cope with obstacles even under economic downturns. Specifically, we have to cautiously examine the aggressive impact of current welfare reform on welfare recipients who have multiple spells, who have more unfavorable employment conditions than single spell recipients.

In addition, this study considers other factors in order to launch new welfare programs: 1) an individual's culture of poverty; 2) labor market and local area characteristics; 3) the impact of current welfare reform, because sustained welfare exit is not only a matter of employment but the result of the interactive process between individual, family and community resource. Thus, welfare programs at specific levels such as states or counties have to consider individual characteristics and their culture including specific target populations and their economic situations.

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